

EXHIBIT K

Iannucci, Denise M

From: Rodgers, Robert M
Sent: Friday, January 31, 2003 5:49 PM
To: Zombar, Ronald M.; Galvan, Carlos; Skillman, Robert; Quinones, Manuel A; Sumner, Randy; Van Zeeland, Alan C; Shernitz, Greg; Barron, Stacie A.; Berumen, Efen; Morales, Carlos A.; Carrasco, Samuel G.; Ortega, Antonio J.; Ritz, Michael V.; Koval, Robert J.
Cc: Berry, Trevor G; Cole, Grace E; Balsei, Michael A
Subject: Lextron contingency plan - verge of mobilization

Importance: High
Sensitivity: Confidential

Ladies and Gentlemen,

The following information must be regarded in the highest confidence. Lextron does not know to what extent Delphi is prepared to pull out, let alone having established a possible internal date.

Today at the Lextron update meeting, it was announced that we need to have plans in place assuming we will be pulling out of Lextron on Monday, Feb. 17, 2003. They asked each contingency team owner to state what would be required to meet this date. Obviously, inventory levels that can be achieved, by part number, play a huge role in the amount of time we have in RBE1 to be ready. For some part numbers, some amount of inventory could be built up. Others, like the SIR part do not have sufficient capacity, and must be started up in RBE1 at full volume if we pull out of Lextron. After I picked myself up off the floor...

The following is what I reported to the Contingency Team by part number. Keep in mind, these are reactions to very dire straights, and do not necessarily reflect my philosophy on 'normal' production equipment and procedures. We could be in a fare amount of trouble with these components should the supply line get interrupted. We have to switch our thinking to grass roots, back garage, absolute best we can do, given little or nothing to start with, and no time.

1533 6479 - SIR shorting clip

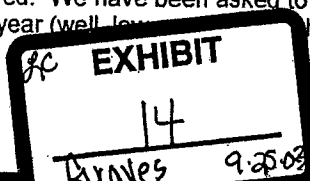
No inventory can be built up on this part. Complete retooling is the only option for picking up the entire volume. We will still receive the equipment from Lextron, but without inventory to buffer, we would have to be ready in RBE1 on Feb 17. To accomplish this, I reported that I would need funding to duplicate nests (10 to be exact) to supplement what is in RBE1 already (for p/n 1542 2934). I also reported that we would need \$13,000 in expense money for plant rearrangement to prepare the facility to receive the 13 workstations coming from Lextron which require power and air. To meet 2/17, this means that the 1533 6479 part needs to be PPAP'd in the nests for 1542 2934. It also means we need 10 duplicate nests and a person to man each of them. The nests I saw, and tried, could use some minor improvement to provide better alignment and fit, but push come to shove, a straight duplication would work for the dire situation we would be put in. The obvious risks are actually getting tooling cut up and available for use, the PPAP process must be leaned to the bare minimum for official submittal (nothing more than compliance with direct customer requirements), and organizing a labor force to perform the work, and others I can't even think of right now. One thing hiding in this plan is the lack of a firm quality system for the manual production system proposed here. The nests that we would duplicate are manual in nature and lack absolute parts presence sensing methods. This quality risk would only need endured until the Lextron equipment is up and running in RBE1. I am assured that this equipment will be made available the day we pull out. We own it, we will get it.

1219 1275 - 80w strain relief

This is a completely manual build. No tooling is required, and can be handled by simply throwing people at it. I requested \$6000 in expense money for tables, chairs, parts bins, racks, etc. The big issue here is the people resources required. I'm told that currently Lextron uses 30 people, per shift. This is double what I reported yesterday; I thought they gave me a total.

1531 7836 - Grommet

The first line of this contingency plan lies with purchasing. They have quotes back from other component assembly vendors that can pick this up in 1-2 weeks with no tooling dollars required. We have been asked to provide a backup to the primary contingency. This part is a low runner, about 200,000 per year (well, low in the SIR clip), and I



030178-001374

estimate that we could handle the volume with one person using one nest. I asked for \$3000 tooling for the design and build of the nest. This assembly is made up of a few components. For crash start-up purposes, we could use a weight count system to help us verify component presence. We do not own any tooling/equipment for this part at Lextron.

1218 6995 - Lamp socket/switch

Similarly, the first line of this contingency plan lies with purchasing. They have quotes back from other component assembly vendors that can pick this up in 1-2 weeks with no tooling dollars required. We have been asked to provide a backup to the primary contingency. At the meeting I reported that I currently do not have a re-tooling plan for this assembly. This assembly requires a heat stake, or sonic weld, operation to be performed which acts as a rivet to hold a portion of the part together. It is also a pretty low runner, and it is quite possible that Lextron could run up enough inventory to perform a straight transfer...if we own some equipment. I currently have a person checking into this equipment at Lextron, and trying to determine if we own it. If we own it, we can build inventory and transfer it. If not, purchasing may be our only option to meet the 2/17 date.

Miscellaneous Information

It was reported that we may be at least 3-5 business days away from a decision to stay at Lextron or pull out. I will continue to keep the group informed as to what happens. Everyone is well aware that the clock is running. I made it very clear that for us to have a thread of a chance to make this happen, we need to start spending money Monday morning. They understand. Also, a variety of people expressed concerns in meeting the February 17 date given the re-PPAP process in general (time to do the paperwork, submittals, etc.), not to mention we've got our hands tied until funds are available. For our stuff, we have ways to get creative and have some money to spend, but the PPAP issues remain.

I'm sorry to be the bearer of such news, but this is where we are at.

Bob Rodgers
Delphi
Manufacturing Engineering Competency Center

-----Original Message-----

From: Rodgers, Robert M
Sent: Wednesday, January 29, 2003 4:34 PM
To: Zombar, Ronald M.; Galvan, Carlos; Skillman, Robert; Quinones, Manuel A; Sumner, Randy; Van Zeeland, Alan C; Shemitz, Greg; Barron, Stacie A.; Berumen, Efren
Cc: Berry, Trevor G; Cole, Grace E
Subject: Lextron contingency plan - eminent action

While most of you may be aware of the situation, I volunteered in this morning's meeting to convey the recent developments surrounding the Lextron problems to those who may become involved in Mexico/RBE1. Here is the current situation.

Part 1 - SIR shorting clip

As some/most of you may know, Lextron, an outside vendor that is licensed to manufacture a variety of component assemblies and wire harness to Delphi, is quite possibly going out of business due to financial problems. There have been daily meetings over the last few weeks to discuss contingency options for the components that they produce. The most critical falls in our court, an SIR connector clip assembly, part number 1533 6479. This part is high volume...around 12M this year, and 15M next. It is a very high risk component in that it is used across virtually all GM platforms, and allot of non-GM's as well. It has not been *officially* decided, but at this point it appears very likely that Delphi will pull in this business from Lextron. A decision will be made in the next week or so.

Right now, I believe it is justified for us to begin to prepare ourselves to receive this business from Lextron. In light of this, the following is the plan that was proposed to the group in the meeting this morning.

Currently there are 4 nests in RBE1 that were made to produce connector assembly 1542 2934. These nests are capable of also producing the connector assembly in question, 1533 6479. These nests could be used to begin an inventory buildup prior to the equipment being transferred to RBE1. Based on estimated requirements and estimated fixture capacities, it would take us 29 working days at 2 shifts to build up a two week inventory for equipment transfer on those 4 fixtures. Obviously, once the decision is made, we should begin to duplicate the fixtures in order to reduce the time required to build sufficient inventory (whether it be 2 weeks or more). I believe we should start to prepare ourselves to receive this equipment. We may not necessarily spend money on the facility until the final decision is

made, but at least someone could be planning a layout and understanding the scope of what is involved, including personnel requirements, etc. As far as the equipment currently at Lextron, they have 13 workstations to produce this assembly, one person per workstation. To the best of my ability, it appears that they have parts presence sensing in their tooling that ensures component presence prior to cycling the air cylinder. Activation appears to be accomplished by two hand, anti-tie down switches. There are no prints associated with these machines, at least that we have been able to get a hold of. Attached are pictures of a workstation.

<< File: MVC-008S.JPG >> << File: MVC-006S.JPG >> << File: MVC-005S.JPG >> << File: MVC-004S.JPG >>

Part 2 - Strain relief assembly

Another component assembly must also be absorbed by RBE1 should Lextron falter. This component assembly, 1219 1275, consists of a metal strain relief and two plastic inserts that need to be snapped in. This is a high volume assembly (8M per year) that goes on every 80w female PCM connector. Lextron had procured equipment to produce this part automatically; however, they were never able to get it operating well enough to make good parts. Currently, 6 tools are bailed to them, I need to find out what those are. The current production requirements are met though a completely manual build. The plastic inserts snap in quite easily into the strain relief, and it appears that they can only go in one way. Currently 30 people are used to manually assemble this at Lextron.

Specifically, these are the tasks I believe we could be doing while the accountants and lawyers are making their decision:

- 1) Define Lextron equipment requirements (air, electric, station size, attempt to get prints) - **B. Rodgers**
- 2) Begin facilities planning to define a space for this equipment (at least assume a 24"x24" workstation, specifics can follow) - **????**
- 3) Establish a quality system plan to ensure good parts are coming off of the manual nests - **????**
- 4) Eric Crump will be forwarding information to Bridget Neubauer so the PC&L organization should be up to speed with what is happening, what to order, etc.
- 5) The IE organization needs to be alerted to what amounts to be a crash business insertion into the plant - **????**
- 6) Define worktable and chair requirements for the strain relief assembly - **????**
- 7) Personnel needs to be alerted to a sudden increase in labor requirements. It was stated in a previous meeting that the addition of 30-45 people wouldn't be a problem. Now is the time to verify that is the case - **????**

The intent of this letter is to inform. It by no means defines all of the activities that need to happen should we have to bring in this business, some that may be in progress for all I know. The above elements are merely thought starters. But again, from what was stated at the meeting this morning, there is a very good chance that Lextron will no longer be able to supply us, and we have to maintain an uninterrupted supply line to our customers. One of the things that is not clear (at least to me) is just exactly how long we have to transfer the business once a decision has been made.

Thank you,
Bob

Bob Rodgers
Delphi
Manufacturing Engineering Competency Center
ph:(330) 373-2315
fx: (330) 373-4145
pg:(330) 387-0336
robert.rodgers@delphi.com